

Social policy

White paper on future of pensions falls behind schedule

By Sophie Petitjean | Tuesday 08 November 2011

The European Commission hopes to publish its white paper on the future of pensions “by the end of the year,” the spokeswoman for Employment and Social Affairs Commissioner László Andor told *Europolitics* on 8 November, after explaining that the matter would not be discussed at the Commission’s 9 November meeting as planned. The executive says the postponement is due to a scheduling problem, although other sources speak of diverging views between its different services.

So the policy decisions and legislative proposals to improve the sustainability (quantitative aspect) and adequacy (qualitative aspect) of pension schemes will not be unveiled right away. In principle, the Commission is expected to propose 25 policy initiatives inspired by responses to the July 2010 green paper.

This communication raised 14 questions. First it suggested the need to strike a better balance between career and time spent in retirement, in particular through an automatic adjustment of pensionable age to rising life expectancy and flexible working arrangements. It then asked stakeholders about the need to review the directives on the activities and supervision of institutions for occupational retirement provision (Directive 2003/41/EC) and on insolvency (2008/94/EC). Lastly, it suggested the possibility of establishing rules that would introduce a private pension scheme at European Union level that would co-exist with the different schemes in Europe, and the idea of an EU-level monitoring system that would help mobile citizens to follow the development of their pension entitlement.

According to several informed sources, the Commission’s proposals will not be as bold as what is suggested in the green paper. “In the current context, the Commission seems to have chosen to limit the debate to the adequacy of pensions,” said one source.

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Initial information suggests that the white paper will have a twofold focus: to encourage a better balance between periods spent in work and periods spent in retirement and to ensure that the contribution of supplementary pension schemes to the adequacy of pensions is increased and improved. It will maintain the idea of presenting a new legislative proposal on the portability of entitlement to supplementary pension schemes after the failure of the Council’s negotiations.

At the World Pension Summit, held on 3 November in Amsterdam, Commissioner Andor said the white paper would address concerns expressed through the consultation, including the need to: 1. raise effective retirement age and limit early retirement; 2. offer better opportunities to save through supplementary pension systems “to allow people to compensate to a certain extent for less generous pension systems”; 3. encourage and facilitate pension monitoring so that people can keep track of their pension entitlement; 4. strengthen the EU’s role of coordination by facilitating supervision,

coordination and mutual learning between member states; and 5. revise rules on occupational pension schemes to take full advantage of internal market opportunities.

Background

Pensions are usually described as being built on three pillars: first, public defined benefits schemes based on redistribution, generally financed by mandatory contributions deducted from salaries; second, private pension schemes offered to employees as part of an employment contract; and third, optional pension plans and annuity contracts subscribed to on an individual basis.